

Ph.D. in Economics **Kobushko Iana**
Ph.D. in Economics **Samusevych Iaryna**

Identification of investment channels of shadow capital in the conditions of globalization of economy

Global financial flows serve the movement of goods, services and interstate re-allocation of financial capital between competing actors of the world market. At the same time, they act as indicators of the global economic environment, which are key for the government to take decisions on the directions of financial flows regulation.

There is a change in the structure and form of financial resources under the conditions of the modern financial system functioning and multi-channel shadow economic processes and their complexity. Illegal financial flows are one of these forms. The experts of the Global Financial Integrity [1] define these them as capital, which is illegally earned, transferred or used and covers all unregistered private financial flows that lead to the accumulation of foreign assets by residents, which in its turn violates the existing regulatory framework and limits of capital control.

Illegal financial flows are of political interest, partly because they withdraw the capital and tax revenues from developing countries; transnational corporation transfers revenues from high tax developing jurisdictions to low tax jurisdictions, especially in the case of a decrease in tax revenue. Moving assets out of the country illegally allows to evade taxes. The transfer of illegal financial flows for corrupt officials and criminals abroad provides the access to the types of consumption and investment that are not available in the countries of the origin of the capital.

Factors affecting the formation of illegal financial flows [4]:

1. Portfolio diversification. Regardless of whether there is any sign of illegal formation of funds or transfer abroad, the owner may wish to reduce the risk of his portfolio by purchasing assets in other countries whose success only in small degree correspond those existing in his country. It is assumed that by evading taxes, the owner of capital is to maximize return on investment.

Likewise, the inability of the state to ensure a stable investment environment will facilitate legal or illegal capital outflow. A stable investment environment creates expected exchange rates, interest rates, investment returns and tax rates necessary for investor confidence. If the macroeconomic state of a developing country deteriorates, or if the investment rules change to reduce the attractiveness of the country of the

origin of the capital compared to others, these factors will contribute to an increase in illicit financial flows along with other external capital flows.

2. Hiding assets from the government. It has been proven, that it is more difficult for national government to track and confiscate the funds held abroad. Since there are more legal obstacles through which the government proceeds at both stages: establishing ownership of the property, persuading the foreign court to return them, etc. [2, 3].

In addition, numerous factors are not specific to illicit financial flows. These factors can affect the desire of corrupt officials (how great it will be), etc. to seek to hide assets abroad. Transparency of the domestic financial system is one of these factors. For example, if it is easy to create domestic bank accounts of candidates or corporations for owning real estate, then foreign assets may be no more attractive in this sense. Moreover, it may be more difficult to liquidate or get an access to foreign assets in case of emergency compared to assets hidden at home. Thus, the non-transparency of the domestic financial regulatory system can reduce the incentives for withdrawal of funds out of the country. More competent law enforcement agencies will also increase the incentive to move funds to other places. A country with weak law enforcement agencies does not pose a big threat of seizing illegally obtained assets.

3. Political stability. The two preceding paragraphs provide that government has legitimacy and adheres to legal procedures. Many developing countries have successive predatory governments, kleptocratic regimes, the main goal of which is to enrich the highest civil servants. Under such circumstances, corrupt officials may try to avoid the seizure of assets by the successor government. Another possibility is that corrupt elites in a stable country, with a long-term view of the future, can agree that there will be no seizures of corrupt assets from government turnover; the agreement can only be informal. This factor seems to be less relevant for criminal entrepreneurs and tax evaders.

4. Currency control. Restrictions on the repatriation of corporate profits, of course, will increase the incentives for the transition to the corporate profits. It is clear that the stricter currency controls for individuals, the more incentives to violate them for own purposes that in other case could be considered legitimate. Will currency control affect the behavior of other generators of illegal financial flows (i.e. those whose sources of income are illegal)? Such restrictions impede the legal transfer of assets abroad and encourage illegal methods, but an assumption of the literature is that illegal income is not legally moved, as in this case it can provide information to the government.

Intensification of export processes of national capital for developing countries, incl. Ukraine, along with the spreading financial globalization, turned into a capital outflow. This can be considered a natural process, the national capital has a real opportunity to reduce macroeconomic risks by flowing abroad (including into offshore zones) under conditions of the absence of interference. Countries with an unfavorable investment climate and complex mechanisms of investing in the economy suffer from this phenomenon most of all. Capital outflow is a negative process, as it not only deprives a country of financing sources, but also undermines financial stability [21].

A generalized assessment of the determinants of capital outflows has been carried out in [8] and proves the existence of following interrelationships between macroeconomic indicators and volumes of capital outflows:

- increase in foreign direct and portfolio investment leads to a reduction in capital outflows;
- an increase in the level of political instability of the country causes an increase in the volume of capital outflows, while social and political risks have a different effect depending on the assessment indicators;
- the growth of public debt has the opposite effect on capital outflows, while GDP growth is characterized by a direct relation;
- inflationary, interest, credit, tax and debt economic risks are catalysts for capital outflow out of the country;
- the growth of economic openness causes the increase in capital outflow with a time lag of four quarters;
- the growth of the national interest rate relative to the international level leads to a reduction in capital outflow with a time lag of four quarters.

The withdrawal of capital out of the country has significant negative consequences, since the produced value added is withdrawn and does not contribute to the internal national development and the effective restoration of national wealth. In addition, the withdrawal of capital has the following consequences: a lack of resources to finance national programs and development projects; the reduction of the financial and investment potential of the country; the need for the government to use external borrowing that stimulates the capital withdrawal; the formation of a mass of “hot money”, which is rapidly moving from one country to another and can speculatively influence the value of Ukrainian securities and create the threat of an enormous devaluation of the hryvnia; making Ukraine be a donor of foreign economies; deepening of the property stratification of society; the growth of the shadow economy in the country; the loss of

communication between national currency and national income dynamics; danger of potential for terrorism financing [19].

The withdrawal of capital from the economy of Ukraine causes great damage to the possibilities for forming and increasing the country's investment potential. Investments are an important source for ensuring the country's resource development.

Over the last decade, the level of savings has decreased in Ukraine (due to the 2014-2015 crisis) as well as the level of investment, Figure 1. Thus, an accelerated decrease in savings leads to noticeable external economic deficits, which in their turn require financial capital (to cover them), which reduces the opportunities and resources for investment and infrastructure projects [22].

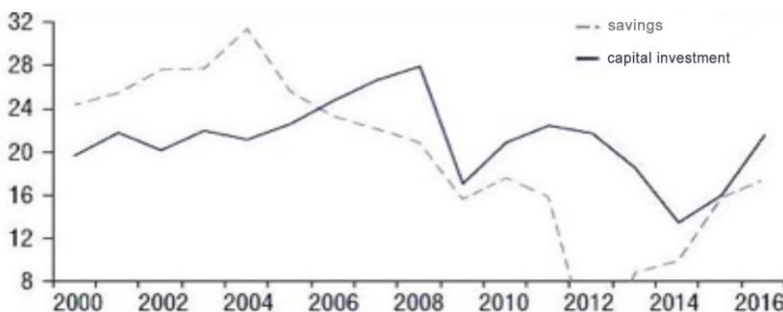


Figure 1—Savings and gross capital formation in Ukraine, % GDP

Source: [22]

The flow of foreign direct investment in Ukraine decreased by 33%, to 2.2 billion USD due to political uncertainty. Own capital decreased by 57%, to 1.5 billion USD in new projects.

Table 1 – Flows of foreign direct investment

Year	Foreign direct investment in Ukraine, mln. USD	Foreign direct investment from Ukraine, mln. USD
2012	8401	1206
2013	4499	420
2014	410	111
2015	2961	-51
2016	3284	16
2017	2202	8
2018	2355	-5

Source: [5]

The recovery in active investment in 2010–2013 was short-lived. Direct revenues decreased, largely due to political instability and the

protracted economic crisis in 2014. This decrease was mainly due to the withdrawal of capital by Russian and Cypriot investors.

In 2018, the volume of direct investment from the EU amounted to 64% or 1834.3 mln. USD of the total foreign direct investment from the world countries in Ukraine that amounted to 2869.9 mln. USD. The leaders in terms of investment were three countries, which invested almost 50% of total foreign direct investment in Ukraine, namely: the Netherlands (951.5 mln. USD), Cyprus (477.6 mln. USD), Austria (203.7 mln. USD). Other important investors include the Russian Federation, the United Kingdom, France and Poland [17].

Investment flows in Ukraine, along with its main purpose, are often a chain of schemes for hidden withdrawal of capital. Significant amounts of capital are withdrawn from the country by multichannel hidden schemes and are returned as fictitious investment revenues.

A lack of money in the economy, which leads to an increase in investment risks, a decrease in investment activity, a decrease in the proposition of investment resources is a characteristic feature under the conditions of the economic system asymmetry that is manifested by the “growth of hidden incomes - a decrease in official GDP rates”.

In the current realities of the investment development of the country, there is a diametrical opposition. On the one hand, there is a lack of financial resources to implement various investment projects to modernize and restructure the economy. On the other hand, the population holds approximately 100% of GDP (at the exchange rate of 1 dollar - 25 hryvnia) in the form of cash, and 100% of GDP is the amount of funds withdrawn to the offshore. At the same time, neither commercial banks, nor the stock market have no mechanisms and tools for attracting savings of the population into investment turnover and directing them to the most efficient fields and sectors of the real economy. In addition, the significant financial resources of commercial banks, benefited from public deposits, are not used by banks for lending to the real sector, but are directed either to the purchase of government and VAT bonds, or to the foreign exchange market [14].

According to the Doing Business 2018 ranking [18], Ukraine holds the 76th position among 190 countries of the world. In addition, it should be noted that according to the rating of the agency Moody's Investors Service, Ukraine has improved its credit rating in the international economic list. It has been changed from Caa3 to Caa2 and it indicates the change of the outlook from “stable” to “positive”. Thus, the improvement of indicators was influenced by the implementation of structural reforms in Ukraine, which helped the country to cope with debt load and improve its position in

foreign markets. In addition, in the Global Competitiveness Index (GIC) 2017/2018, Ukraine improved its position by 4 points and ranked 81st among 137 countries of the world that were studied (in SG 2016/2017 - 85th among 138 countries).

Thus, the improvement of indicators was influenced by the implementation of structural reforms in Ukraine, which helped the country to cope with the debt burden and improve its position in foreign markets. In addition, according to the Global Competitiveness Index ranking (GIC) 2017/2018, Ukraine improved its position by 4 points and ranked 81st among 137 countries of the world that were studied (GCI 2016/2017 - 85th among 138 countries).

The instability of the economy and the repeated devaluation of hryvnia over the past ten years have caused uncertainty and instability of the economy as a whole and have negatively affected the investors' confidence. In terms of the quality of the macroeconomic environment, Ukraine held 128th position, mainly due to the high level of inflation, significant public debt and very low credit rating of the country.

The insufficient development of the financial markets is also a constraint that affects investment flows. Low indicators of performance and the unreliability of banks indicate an inconsistency of financial services with business needs and the imperfect regulation of the securities market; according to the GCI 2016-2017, Ukraine held 130th position in terms of the financial market development [10].

The problems of using investment channels in the schemes of hiding the economic activity and withdrawal of funds obtained illegally have been partially investigated. A systematic approach is needed to determine how to use investment channels in hidden schemes that implies taking into account explicit or implicit transmission effects, directions of legalization of distorted financial and investment flows.

Taking into account the presence of various configurations of hidden capital withdrawal, the definition of methodological tools for identifying funds outflow channels connected with investment activities is relevant and topical.

Investment channels for hidden withdrawal of capital are complex mechanisms for the withdrawal of hidden capital flows from the country of origin with their subsequent return in the form of investment injections [14].

The existing investment channels of hidden capital withdrawal are mostly interconnected; therefore, their functioning causes transmission effects that are manifested in the cumulative and synergistic nature of their performance.

In order to carry out the procedure for identifying channels of hidden capital withdrawal by investment components, a set of identification criteria has been suggested that allow to determine the belonging of investment activities or operations to the hidden channels.

1. *Direct or indirect mechanism for funds withdrawal.* Existing investment channels can be conditionally classified as direct and indirect. Direct investment channels are characterized by the withdrawal of capital of a purely investment nature, for example, dividends of domestic and foreign investors. Indirect investment channels have many configurations that in the globalization environment contribute to the flow of capital and spread investment potential.

The indirect investment channels of hidden capital withdrawal may include fictitious securities, hidden privatization schemes, offshore schemes, financial leasing. Various combinations of the interaction of indirect investment channels make it difficult to track the amount of withdrawn capital, the impacts of transmission effects and the assessment of the loss of the investment potential of the country of funds origin.

2. *Official or hidden sources of investment.* The growth of the shadow sector is characterized by hiding investment sources. Therefore, there are official (legal) and hidden (illegal) sources of investment funds. The origin of investment sources determines the legality of their further movement through investment channels.

3. *Productive or unproductive capital outflows.* The productive outflow of capital through the investment channel occurs through legal transactions and that are expedient in terms of strengthening investment ties and position of Ukraine in the world market. Unproductive capital outflow is caused by operations that are illegal or inefficient for the country. Such transactions, in particular, include those that are carried out in order to optimize investment conditions, tax evasion, legalization (laundering) of funds obtained illegally, etc.

4. *The field of transactions occurrence for the withdrawal of funds of investment nature* – insurance, banking, foreign trade, securities market, etc.

The most common modern schemes for capital withdrawal contain many diverse elements and tools for implementation. Therefore, it is difficult to classify them into certain types of typical schemes, especially considering the transmission effects of their functioning arising in various fields.

Let us consider in detail the most widespread investment channels for funds withdrawal.

The use of shares in hidden schemes is the most common use of securities for illegal withdrawal of capital abroad. This is carried out through purchase and sale of securities (especially shares) of Ukrainian issuers by non-residents. A non-resident person in Ukraine purchases shares at a very low price and sells them to their proxies at a price that is several hundred or thousand times higher than their real value (directly or through brokers). Funds that are accumulated on non-resident accounts are transferred abroad as return on investment.

In general, the use of securities in order to launder illegal capital occurs by:

- the purchase of stock of shares (often illiquid) of domestic business entities from non-resident firms by residents through contract of agency at prices much higher than their market prices;

- conclusion of contracts by a legal entity with the same party about the purchase, and then the sale of the same securities;

- transactions with savings certificates and other securities that are regularly redeemed or repurchased in a short time from the moment they are issued;

- obtaining ownership of a “large” package of securities under a gift or exchange agreements;

- regular purchase transactions with the subsequent resale of securities that do not have quotations and do not circulate freely in the organized securities market (provided that the profit from their sale is aimed at purchase of highly liquid securities that are freely circulating in the organized market);

- simultaneous issuing by the client contract of agency for the purchase and sale of securities and other derivative financial instruments at prices that have a noticeable deviation from the current market prices for similar transactions [16].

The determining factor for the prevalence of transactions with fictitious securities is the imperfect mechanism of functioning based on the competition of domestic investment and stock markets, as well as the insufficiency of the legislative framework for settling the legal field of these markets, etc.

Significant shortcomings and excesses are characteristic features for hidden privatization schemes in Ukraine. They also are characterized by mass character and speed of privatization, the lack of clear legislative framework, which leads to the embezzlement of capital and obtaining excessive profits. The classic privatization scenarios in Ukraine occur by transferring state-owned shares to the authorized capital of other companies, alienating property complexes through bankruptcy, reorganizing state

enterprises prohibited for privatization and transferring attractive assets to other companies, deliberately splitting a controlling stake, etc. [23].

The results of the implementation of non-transparent privatization of state-owned enterprises have been decrease in investment and innovation activity, an increase in foreign capital share in strategic sectors of the economy, difficulties in creating a competitive environment that increase the threat to the national interests and economic security of the state. Hidden privatization schemes lead to a slowdown in the development or changes in the investment potential of the investment potential of economic entities.

Additional capitalization of subsidiaries of foreign banks through the conversion of loans from parent companies ensures the increase in foreign direct investment. According to the calculations of the National Bank, excluding recapitalization, only 1.1 billion USD was transferred in 2016 in Ukraine [7].

Round tripping investment is a phenomenon that means the withdrawal of funds abroad by residents and then these funds return to the country as foreign direct investment. According to the estimates of the National Bank of Ukraine, the volume of foreign direct investment made at the expense of domestic funds amounted to 485 mln. USD in 2018 (270 mln. USD in 2017). This is 21% of the total foreign direct investment in Ukraine in 2018. These transactions were carried out mainly through Cyprus, the Netherlands, Switzerland and Austria. During 2010-2018, the total amount of funds of residents that were withdrawn abroad and then returned to Ukraine as foreign investment amounted to 8.4 billion USD, or 22% of the total foreign direct investment during this period. The largest volumes of round tripping investments were observed during 2010-2013, when they accounted for about a third of the total foreign direct investment.

Estimates of the extent of capital reinvestment in the country of origin through round tripping investment are shown in Figure 2.

The largest volumes of round tripping investments were observed during 2010-2013 averaging around 32.7% of the total volume. 87% of such investments were directed to the enterprises of the real sector [9]

In 2014-2015, there was an outflow of funds from Ukraine through such transactions. It was connected with political changes in the country, as well as the beginning of hostilities in the east of the country. In 2016 - 2018, the net inflow of funds by round tripping transactions was restored, but in much smaller volumes than on the eve of the crisis. In 2016, they provided 4.1%, in 2017 - 10.4% of FDI inflows in Ukraine. The largest round tripping transactions were carried out through Cyprus, the Netherlands, Switzerland and Austria.

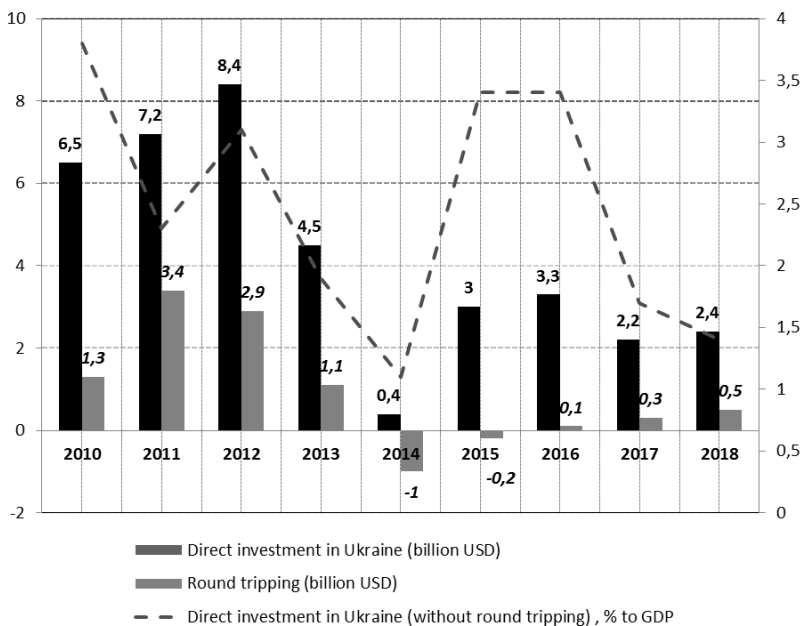


Figure 2 – Foreign direct investment in Ukraine (FDI), billion USD
Source: [9]

Offshore schemes are the most used channels for the withdrawal of capital that contribute, on the one hand, to the taxation optimization and asset protection, and, on the other, to reduction of the fiscal and investment potentials of the country of origin. Developing countries use offshore for hiding and further legalizing the capital obtained illegally, withdrawing honest business to a safer legal environment, and protecting capital from the arbitrariness of the authorities of their state [11]. In Ukraine, in recent years, problems related to money laundering through offshore zones and illegal refund of value added tax have gained a national character.

In the classic version, an offshore scheme is as follows: a resident of Ukraine transfers funds to an offshore company (or a non-offshore company, whose account is located in offshore) through foreign economic transactions. Then the funds are used abroad, thus there is the break of the transactions chain. The received profit, together with legalized funds, can remain abroad and/or be returned to Ukraine in full or in part due to foreign economic agreements (under the guise of commodity contracts, investments, etc.).

Financial leasing is a financial tool that provides the distribution of ownership and property, and it is attractive to be used in hidden schemes. In

order to hide the final recipient of the benefits from financial transactions, the leasing mechanism is used, leveling its main goal - financing the renewal of fixed assets. This is facilitated by weak levers of financial services regulation, which create conditions for their use in tax optimization while laundering the funds of crime, and in other schemes of hidden economic activity. Leasing is used in hidden schemes as a financial transaction that creates the channels for withdrawing capital to offshore jurisdictions. Abuses in the financial leasing market consist in carrying out fictitious leasing transactions, transferring assets to offshore jurisdictions through financial leasing, disguise as financial leasing transactions and selling worn equipment at inflated prices [20].

Joint venture funds are often used in tax evasion schemes, since less stringent requirements are applied to their assets according to the current Tax Code. In addition, venture funds remain attractive centers for inflow of hidden financial resources into risk business. Since venture funds accumulate investment assets of a significant number of investors, there is a risk of withdrawing investment flows abroad. Too high growth rate of net assets indicate that venture funds are participants in hidden capital withdrawal schemes. It automatically raises doubts about the sources of income and the propensity for unprofitability of venture funds at the end of their lifetime, i.e. before the onset of income tax liabilities for investors.

Free economic zones and the territories of the priority development have been created at the state level in order to attract investments in depressed regions, development of productive forces of the country and high-tech industries. A significant part of the investments was brought to Ukraine from offshore jurisdictions, which means non-taxable importation of Ukrainian capital previously withdrawn to the same offshore companies, as well as another form of activity aimed at minimizing taxes [15].

Speculative investing is aimed at profit due to the exchange difference between the purchase price and the sale price of securities. Such investments are made for the short term perspective.

Placing investment into the objects, that are located outside Ukraine, leads to a decrease in the national domestic product due to the outflow of domestic capital abroad, the threat of a significant loss of currency and property values due to their export abroad without the goal of returning these values and profits to the state [13].

The most widespread schemes for non-repayment of foreign currency funds are the return of pseudo-investments and the payment of dividends to non-residents that substantially exceed the actually invested foreign capital [12].

Fictitious insurance transactions are aimed at minimizing taxation of business entities, the withdrawal of funds from circulation and transfer abroad or getting other economic benefits by insurers or third parties. The main tools in the insurance market, namely in the schemes of laundering criminal proceeds, are as follows: conclusion of insurance contracts for unlikely risks; fictitious documents regarding the occurrence of the insured event; conclusion of agent contracts with too high remuneration; reinsurance of companies with unsatisfactory financial condition; “garbage” securities (stocks, promissory notes, investment certificates); converting funds into cash; payment of insurance compensation by the insurance company to a significant number of individuals within a short period of time.

The most widespread tool for money laundering is reinsurance, both “internal” (with resident insurers) and “external” (with non-resident insurers). Reinsurance is not an insurance transaction. It refers to financial measures involving the reallocation of the established primary insurance fund among insurance organizations. The desire to allocate maximally the risks, the heterogeneity of the latter and their total value implies conducting reinsurance transactions in the international insurance market, which causes an outflow of currency in the form of reinsurance premiums. Many illegal schemes for withdrawal of money abroad are connected with reinsurance. The National Financial Services Commission identifies various types of reinsurance, namely: “hard” reinsurance, which is characterized by work with non-resident reinsurers who have a high financial reliability rating, and therefore the risk of legalizing funds is quite low; “soft” is represented by insurers of Baltic, Russia, Poland and etc., which are very often associated with offshore companies and which are used mainly in tax evasion, illegal export of capital, the creation of informal funds and the laundering of proceeds of crime .

Taking into account that fact that more than 70% of the reports on suspicious financial transactions of non-banking institutions were reported precisely by insurance companies in recent years, then providing the optimal conditions for the activities of insurance companies should be the priority functions of the state in the insurance market while minimizing the risks of using them to legalize proceeds of crime and terrorism financing. [6].

In sum, we note that the possibility of unproductive withdrawal of capital from the country as legal transaction is caused by the existence of systemic flaws in the legislative framework concerning activities in the investment, financial and credit, insurance and foreign trade fields.

The suggested approach allows to identify the belonging of the main tools that are applied by using foreign economic, financial, insurance, banking operations and investment channels of hidden capital withdrawal. This approach was based on the assumption that the use of the main tools of foreign economic, financial, insurance, banking transactions in hidden schemes leads to the withdrawal of actual and potential investment resources abroad and, therefore, the criteria for identifying hidden investment channels should be determined.

This approach can be used as a tool for assessment of the effectiveness of state investment policy, especially in the field of investment potential, both at the micro and macro levels.

Further development is required for the study and assessment of the transmission effect that occurs as a result of the use of various operations used in the schemes of hidden withdrawal of capital by investment and tax channels.

ACKNOWLEDGMENTS “This research was funded by the grant of the Ministry of Education and Science of Ukraine (No. g/r 0117U003930)”

References

1. Dev K., Sarah F. Illicit Financial Flows from Developing Countries Over the Decade Ending 2009. Washington DC: Global Financial Integrity. 2011.
2. Chene M. Mutual legal assistance treaties and money laundering. Transparency international. 2006.
3. Manton J., Daniel T. The kleptocrat's portfolio decision in reuter (ed.) draining development? Controlling flows of illicit funds from developing countries. World Bank: USA. 2012.
4. Reuter P. World development report 2017: Illicit financial flows and governance - the importance of disaggregation. World Development Report. Washington, D.C.: *World Bank Group*. 2017. vol. 1. 33 p. URL: <http://documents.worldbank.org/curated/en/538841487847427218/World-development-report-2017-Illicit-financial-flows-and-governance-the-importance-of-disaggregation> (accessed 28.08.2019).
5. World Investment Report 2018. Investment and new industrial policies. New York and Geneva: United Nations. URL: https://unctad.org/en/PublicationsLibrary/wir2018_en.pdf (accessed 10.09.2019).
6. Department of Financial Investigation Service, The State Financial Monitoring Service of Ukraine. *Relevant methods and ways for legalization (laundering) of the proceeds of crime and terrorism financing*. 2012. URL: http://www.sdfm.gov.ua/content/file/Site_docs/2012/20121228/2012_27_12_2012.pdf (accessed 09.09. 2019)
7. Bolotova Kh. Where do investments come to Ukraine from. *Finance: website*. URL: <https://finance.liga.net/ekonomika/infografica/otkuda-v-ukrainu-idut-investitsii> (accessed 20.09.2019).

8. Vysochyna A., Samusevych I. Foreign practices for evaluating the volumes of capital withdrawal: methodological aspect. *Scientific Bulletin of the Uzhgorod National University*. 2018. Vol. 21, part 2. P. 81-85.
9. Didenko S. What are the reasons that business, which searched for better conditions in offshores, is coming back to Ukraine. URL: <https://ua.news/ua/chomu-biznes-yakyj-shukav-krashlyh-umov-v-ofshorah-povertayetsya-do-ukrainy/> (accessed 17.09.2019).
10. International Trade Center (ITC). *Export Strategy of Ukraine Road map of strategic development of trade for 2017–2021*. 2017. 135 p. URL: <http://me.gov.ua/Documents/Detail?lang=uk-UA&id=e6ab10fa-0ad9-4fe4-b8be-32f570693b64&title=EksportnaStrategiiaUkraini-DorozhniaKartaStrategichnogoRozvitkuTorgivli2017-2021> (accessed 20.09.2019)
11. Yepifanova N. Deoffshorization – Ukrainian projection. *A legal newspaper*. 2017. Vol. 39 (589). URL (accessed 29.09.2019).
12. Kvasha T. K. Existing channels and schemes of unproductive outflow (withdrawal) of financial resources from country (world and domestic experience). *Formation of market relations in Ukraine*. 2012. Vol. 5. P. 47–51. URL: http://nbuv.gov.ua/j-pdf/frvu_2012_5_12.pdf. (accessed 18.09.2019).
13. Kobets O., Grudnytska S. Specific features of investing in real estate abroad. *Lexliga: website*. URL: <http://lexliga.com/ua/novosti/osobennosti-investirovaniya-v-nedvizhimost-za-rubezhom> (accessed 05.10.2019).
14. Kobushko I.M., Kobushko Ia. Investment mechanisms of the hidden capital withdrawal schemes. *Modern approaches to creative management of economic processes: proceedings of the scientific and practical conference /eds. O. V Arefeva*. Kyiv: National Aviation University, 2019. P. 13-14.
15. Kravchuk O. Ukraine in terms of offshores. Commons: website. URL: <https://commons.com.ua/uk/ukrayina-ofshorna-istoriya-formuvannya-vitchiznyanoyi-modeli-ekonomiki/> (accessed 20.09.2019) (in Ukr.)
16. State Financial Monitoring Service of Ukraine. Types of legalization (laundering) of proceeds received as a result of financial transactions with illiquid securities. 2007. URL: http://www.sdfm.gov.ua/content/file/Site_docs/2007/25.12.2007/Typologies.htm (accessed 28.08.2019).
17. The State Statistics Service of Ukraine: official site of. URL: <http://www.ukrstat.gov.ua/> (accessed 20.09.2019).
18. Investment activity in Ukraine. Ministry of Internal Affairs: official site. URL: <https://mfa.gov.ua/ua/article/open/id/6349>. (accessed 20.09.2019).
19. Pavlova A. M. Impact of using financial leasing in hidden schemes on the economic security of Ukraine. *Effective economics*. 2018. Vol.1. URL: http://www.economy.nayka.com.ua/pdf/1_2018/66.pdf (accessed 15.09.2019).
20. Pavlova A. M. Legalization of financial leasing as direction of ensuring economic security of Ukraine: PhD dissertation: 21.04.01 /National Institute for Strategic Studies. Kyiv. 2019. 236 p
21. Payentko T.V. Institutionalization of fiscal regulation of financial flows: monography. Kyiv: “DKS center”.2013.

22. Razumkov center. Human potential development: towards quality reforms
URL: http://razumkov.org.ua/uploads/article/2018_LUD_KAPITAL.pdf (accessed 22.09.2019).
23. Frolov P. Privatization in Ukraine: retrospectives and perspectives. DT: website. URL: https://dt.ua/macrolevel/privatizaciya-v-ukrayini-retrospektivi-ta-perspektivi-272273_.html (accessed 15.09.2019).